

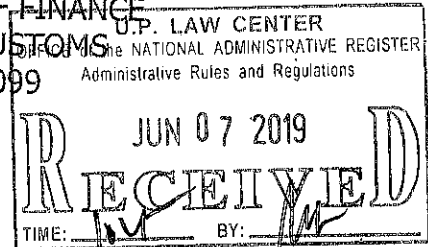


REPUBLIC OF THE PHILIPPINES

DEPARTMENT OF FINANCE

BUREAU OF CUSTOMS

MANILA 1099



CUSTOMS ADMINISTRATIVE ORDER (CAO)

NO. 06 - 2019

SUBJECT: REGISTRATION OF THIRD PARTIES DEALING WITH THE BUREAU


Introduction. This CAO implements Section 1226, Chapter 3, Title XII and other relevant sections of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This CAO applies to all Private Carriers, Common Carriers for Transit Cargoes, Airline Representatives or Airline Ground Handling Agents, Shipping Lines or their Agents, Pipeline Operators¹, Freight Forwarders, Consolidators, Deconsolidators, Non-Vessel Operating Common Carriers (NVOCCs), Logistics Providers, Arrastre Operators, and such other persons dealing with the Bureau in relation to importation, exportation, movement, storage and clearance of goods for and in behalf of another person. Deconsolidators handling Balikbayan Boxes, Importers and Exporters, Customs Brokers, Customs Bonded Warehouse (CBW), Customs Facility Warehouse (CFW), Courier Service Operators, Air Express Cargo Operator (AECO), and Service Providers, all acting as Third Parties shall be governed by their respective rules and regulations.

Section 2. Objectives.

- 2.1. To identify and recognize Third Parties that may be authorized to transact with the Bureau in relation to importation, exportation, movement, storage and clearance of goods for and on behalf of another person; to define their corresponding duties and obligations.
- 2.2. To gather sufficient information about the Third Parties for the establishment of database for risk management and enforcement purposes.
- 2.3. To provide the rules and regulations governing the conduct of Third Parties dealing with the Bureau in relation to importation, exportation, movement, storage and clearance of goods for and on behalf of another person.

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¹ G.R. No. 125948. December 29, 1998; RA-387 otherwise known as Petroleum Act of 1949, Article 86.

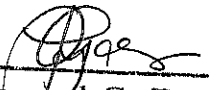
- 2.4. To provide for specific conditions when Third Parties may directly transact with the Bureau and to provide notice in case such Third Parties are for valid reasons barred from transacting with the Bureau.
- 2.5. To plug possible revenue leakage, prevent entry of prohibited goods and unprofessional handling of cargoes due to proliferation of fly-by-night Freight Forwarders, Consolidators, Deconsolidators, NVOCCs and Logistics Providers.
- 2.6. To make full use of the ICT enabled system in the registration of Third Parties.

Section 3. Definition of Terms. For purposes of this CAO, the following terms are defined accordingly:

- 3.1. **Airlines** — shall refer to a corporation engaged in air transportation of goods, parcels and mail, and passengers.
- 3.2. **Bureau** — shall refer to the Bureau of Customs.²
- 3.3. **Carrier** — shall refer to persons, corporations, firms or associations, actually transporting goods or in charge of or responsible for the operation of the means of transport such as airlines, shipping lines, freight forwarders, cargo consolidators, non-vessel operating common carriers and other international transport operators.³
- 3.4. **Consolidator for Export** — shall refer to a juridical entity which procures transport of goods by sea or air and issues house bill of lading or house air waybill to consignors of shipments under its solicitation, to whom it directly assumes the liabilities and responsibilities of a carrier for the transportation of such goods from the point of receipt to the point of destination of such goods, and ships the goods together in its name consigned to its Deconsolidation Agent abroad.⁴
- 3.5. **Deconsolidator** — shall refer to a local freight forwarder or consolidator's agent that provides services to ungroup or deconsolidate shipments, orders, goods, etc. to facilitate distribution.⁵

- 3.6. **Ground Handling Agents (Cargo Agents, Airline Agents)** — shall refer to entities authorized to act for or on behalf of the carrier, for accepting, handling, loading/unloading, transiting, or dealing with cargo, passengers and baggage.⁶

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² cf. CMTA, Title I, Chapter 2, Section 102(i).

³ cf. CMTA, Title 1, Chapter 2, Section 102(j).

⁴ cf. CAO No. 01-2018 "Amended Rules on Consolidated Shipment of "Balikbayan Boxes", Section 3.7.

⁵ cf. CAO No. 01-2018 "Amended Rules on Consolidated Shipment of "Balikbayan Boxes", Section 3.8.

⁶ IATA FF-Carrier-GHA Functional Specifications v0.8 (clean).doc_ 06-Aug-2009.

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3.7. House Air Waybill (HAWB) — shall refer to an air waybill covering a single, individual shipment or consignment issued by international air freight forwarder or a consolidator to the respective shippers.⁷

3.8. House Bill of Lading (HBL) — shall refer to a bill of lading covering a single, individual shipment or consignment issued by the international sea freight forwarder, NVOCCs or a consolidator to the respective shippers containing the names and addresses, respectively, of both the consignor or sender and the consignee or receiver and the detailed, specific description of the goods shipped through sea.⁸

3.9. Freight Forwarder — shall refer to a local entity that acts as a cargo intermediary and facilitates transport of goods on behalf of its clients without assuming the role of a carrier, which also performs other forwarding services, such as booking cargo space, negotiating freight rates, preparing documents, advancing freight payment, providing packing or crating, trucking and warehousing, engaging as an agent or as a representative of a foreign NVOCCs or as a deconsolidator named in a master bill of lading as consignee of a consolidated shipment, and other related undertakings.⁹

3.10. Logistics Provider — shall refer to a company that provides management over the flow of goods and materials between the points of origin to end-use destination. The provider will often handle shipping, inventory, warehousing, packaging and security functions of the shipments.¹⁰

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3.11. Master Air Waybill (MAWB) — shall refer to an air waybill issued by a common air carrier to a consolidator covering a consolidated shipment.¹¹

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3.12. Master Ocean Bill of Lading (MBL) — shall refer to an ocean bill of lading issued by a common ocean carrier to a consolidator covering a consolidated shipment.¹²

⁷ cf. CAO No. 01-2016 "Advance Cargo Declaration, Inward Foreign Manifest and Consolidated Cargo Manifest Rule", Section 3.13; CAO No. 06-2016 "Conditionally Tax and/or Duty-Exempt Importation of "Returning Residents" and Overseas Filipino Workers (OFWs)", Section 3.9.

⁸ cf. CAO No. 01-2018 "Amended Rules on Consolidated Shipment of "Balikbayan Boxes", Section 3.14; CAO No. 06-2016 "Conditionally Tax and/or Duty-Exempt Importation of "Returning Residents" and Overseas Filipino Workers (OFWs)", Section 3.10.


⁹ cf. CMTA, Title I, Chapter 2, Section 102 (aa).

¹⁰ cf. BusinessDictionary, <http://www.businessdictionary.com/definition/logistics.provider.html>, Accessed: August 08, 2017.

¹¹ cf. CMO No. 79-1990 "Revised Rules and Regulations Governing the Entry of Non-Commercial Inbound Consolidation Shipments from Filipino Abroad, Repealing for the purpose CMO No. 32-90", Section 2.1.4.

¹² cf. CMO No. 79-90 "Revised Rules and Regulations Governing the Entry of Non-Commercial Inbound Consolidation Shipments from Filipino Abroad, Repealing for the purpose CMO No. 32-90", Section 2.1.4.

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3.13. Non-Vessel Operating Common Carriers (NVOCCs) — shall refer to an entity, which does not own or operate a vessel, that provides a point-to-point service which may include several modes of transport of full container load and less container load (LCL) shipments and issues corresponding transport document.¹³

3.14. Pipeline Operators — shall refer to the person who is to have or (once fluid is conveyed) has control over the conveyance of fluid in the pipeline.¹⁴

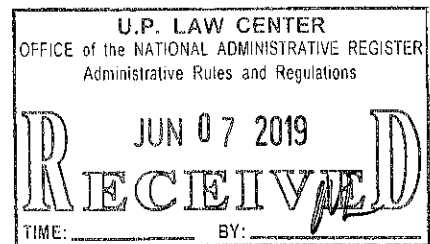
3.15. Shipping Agents — shall refer to the person entrusted with provisioning or representing the vessel in the Port in which it may be found.¹⁵

3.16. Shipping Line — shall refer to a juridical entity that transports cargoes and passengers aboard ships or vessels across oceans or seas.

Section 4. General Provisions.

4.1. Who are Third Parties. Third Parties refer to any person who deals directly with the Bureau, for and on behalf of another person, relating to the importation, exportation, movement, storage and clearance of goods. For purposes of this CAO, the following are considered as Third Parties:

- a. Carriers;
- b. Airline Representatives or Airline Ground Handling Agents;
- c. Shipping Lines or their Agents;
- d. Pipeline Operators;
- e. Freight Forwarders;
- f. Consolidators;
- g. Deconsolidators;
- h. NVOCCs;
- i. Logistics Providers; and
- j. Arrastre Operators, provided that in case where the operation is part of the services of a Terminal Operator, the rules and regulations governing CFW shall apply.



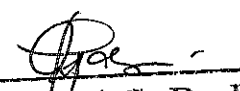
Only Third Parties registered pursuant to the provisions of this CAO shall be allowed to transact with the Bureau for and on behalf of another person.

¹³ cf. CMTA, Title I, Chapter 2, Section 102 (ee).

¹⁴ Regulation 2.1. of Pipelines Safety Regulations 1996.

¹⁵ Article 586 of the Code of Commerce of the Philippines.

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4.2. Supervision and Regulation of Third Parties. Third Parties as defined in this CAO shall be subject to supervision and regulation of the Bureau in relation to the importation, exportation, movement, storage and clearance of goods for and on behalf of another person.

Third Parties with existing permits or duly authorized to engage in such business by other regulatory agencies shall be registered with the Bureau, provided that they submit a Permit to Operate or equivalent document and shall comply with the requirements under Section 5.1 of this CAO for the effective exercise of customs supervision and regulation over the said entities.

4.3. Treatment of Third Parties. Third Parties transacting with the Bureau for and on behalf of importers and consignees shall be treated equally as true importers or consignees.¹⁶

4.4. Liability of Third Parties. Third Parties transacting with the Bureau shall be liable for acts committed in violation of the CMTA and related laws.¹⁷

Section 5. Administrative Provision.

5.1. Registration with the Account Management Office (AMO) or its Equivalent Office. Third Parties shall apply for registration with the AMO or its equivalent office individually or through their organization, subject to the following documentary requirements:

5.1.1. Third Parties who are members of an organization duly accredited by concerned government agencies:

- i. Proof of Membership in good standing;
- ii. Copy of the Certificate of Public Convenience, Registration, Accreditation or Permit to Operate or grant of legislative franchise, issued by the concerned government agency in accordance with their respective charters or their own existing rules and regulations;
- iii. Certificate of Business Registration issued by the Department of Trade and Industry (DTI) or Securities and Exchange Commission (SEC);
- iv. Bureau of Internal Revenue (BIR) Certificate of Registration;
- v. Mayor's Permit; and
- vi. Other documentary requirements as specified in the corresponding Customs Memorandum Order (CMO).

¹⁶ cf. CMTA, Title XII, Chapter 2, Section 1226.

¹⁷ cf. CMTA, Title XII, Chapter 2, Section 1226.

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5.1.2. Third Parties who are not members of any organization:

- i. Copy of the Certificate of Public Convenience, Registration, Accreditation or Permit to Operate or grant of legislative franchise, issued by the concerned government agency in accordance with their respective charters or their own existing rules and regulations;
- ii. Certificate of Business Registration issued by the DTI or SEC;
- iii. BIR Certificate of Registration;
- iv. Mayor's Permit; and
- v. Other documentary requirements as specified in the corresponding CMO.

5.2. Annual Registration Fee. An annual registration fee in the amount of One Thousand Pesos (Php1,000.00) shall be imposed, subject, however, to periodic review in accordance with Section 1301, Title XIII of the CMTA and applicable rules and regulations.

5.3. Validity Period of Registration. Unless otherwise provided by law or other rules and regulation, the registration of Third Parties shall be valid for a period of one (1) year from the date of its approval, subject, however, to suspension, revocation or cancellation as herein provided.

5.4. Action on Application for Registration. All registration applications shall be approved or disapproved by the Bureau within five (5) working days from receipt of complete documentary requirements.

5.5. Certificate of Registration. An approved application for registration shall be evidenced by a Certificate of Registration issued by the Bureau.

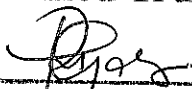
5.6. One-Time Registration Privilege. The Bureau, through a CMO, may allow one-time registration privilege to registered Third Parties with a high level of customs compliance record under the Authorized Economic Operators (AEOs) and other trade facilitation programs.

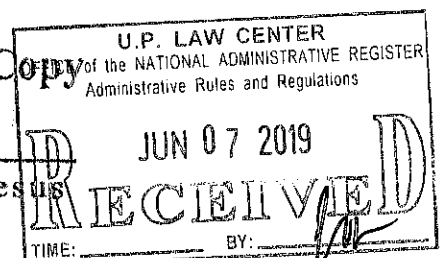
5.7. Renewal of Registration. Third Parties must file their application for renewal with the Bureau within thirty (30) calendar days prior to the expiration of their registration.

5.8. Due Notice Requirement.

5.8.1. It shall be mandatory for registered Third Parties to provide the Bureau their existing, accurate and official e-mail addresses and contact numbers.

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- 5.8.2. No electronic mail address or contact numbers shall be recognized other than those registered with the AMO or its equivalent office, unless duly changed, modified or updated by the registered Third Party.
- 5.8.3. The registered Third Party must acknowledge receipt of notices and communications duly sent to its registered electronic mail address.
- 5.8.4. In case the electronic mail address or contact number provided by the registered Third Party to AMO or equivalent office is incorrect or non-existent, all notices and communications sent to said incorrect or non-existent electronic mail address, shall be deemed received by the Third Party unless the non-delivery thereof is attributable to the Bureau or due to system error.
- 5.8.5. Personal service of notices and communications to the Third Party may also be resorted to, at the option of the Bureau.

5.9. Cancellation or Revocation of Registration.

5.9.1. Grounds for Cancellation or Revocation. The registration of Third Parties may be cancelled or revoked on the following grounds:

- a. Deliberate failure or refusal without justifiable reasons to comply with the duties and responsibilities of Third Parties as prescribed in this CAO;

"Justifiable reason" as contemplated herein shall mean any and all acts the commission of which shall not render the person liable either administratively or criminally under existing laws, rules, or regulations.

- b. Submission of false, spurious, and forged documents to support the approval of the registration.

- c. Violation of existing customs laws, rules, and regulations.

5.9.2. Due Notice and Hearing. The Bureau shall accord due notice and hearing to the Third Party before any cancellation or revocation of its registration is imposed.

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The Bureau may, for valid reasons as enumerated in Section 5.9.1 of this Order, temporarily bar Third Parties from transacting with the Bureau pending the conduct of the hearing.¹⁸

Section 6. Duties and Obligations as Third Parties.

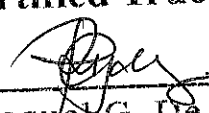
- 6.1. Submission of True and Authentic Documents.** Third Parties shall submit true and authentic documents, including certified true copies of permits, authority and other papers duly issued by other regulatory agencies.
- 6.2. Cooperation in Customs Investigation.** During any investigation conducted by the Bureau, Third Parties shall make available pertinent papers and documents as well as issue statements, affidavits, and attestations, and allow the processing of any information or documents already submitted to the Bureau.
- 6.3. Obligation to Report Violations.** A Third Party who has knowledge of the commission of violation of customs law shall report all information relative thereto to the Bureau.
- 6.4. Access to Records.** Third Parties shall maintain and make available to the Bureau the complete books and/or records of transaction performed on behalf of the importer or consignee and exporter in relation to importation, exportation, movement, storage and clearance of goods.
- 6.5. Faithful Compliance with Customs and other Laws, Rules and Regulations.** In their dealings and transactions with the Bureau, Third Parties shall undertake to follow and comply with customs and other laws, rules, and regulations. In addition, the said Third Parties shall be truthful and responsible for the authenticity of all documents submitted to the Bureau and the veracity of its contents.

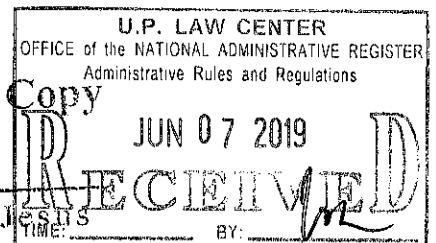
Section 7. Consultation with Concerned Regulatory Agencies. The Bureau shall conduct periodic consultation with concerned regulatory agencies for the effective implementation of this rules and regulations governing the conduct of Third Parties dealing directly with the Bureau in relation to importation, exportation, movement, storage and clearance of goods for and on behalf of another person.

The Bureau may enter into necessary agreements with the concerned regulatory agencies to aid the implementation of this CAO.

¹⁸ Section 1226.

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Section 8. Sanctions. The cancellation or revocation of registration of Third Parties pursuant to Section 5.9.1 hereof shall be without prejudice to the filing of any criminal charges and/or other administrative sanctions which may be imposed under the CMTA or by the concerned primary regulating agency as the case may be pursuant to their own rules and regulations.

Section 9. Reporting and Monitoring System. The collection, recording, storage maintenance, processing, sharing of data and information; and maintenance of data information in the CAO shall be secured and consistent with the principles and policy of Republic Act No. 10173, also known as the Data Privacy Act of 2012.

Section 10. Transitory Provision. All previously issued rulings by the Bureau shall remain effective one (1) year from the effectivity of this CAO.

Section 11. Periodic Review. Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 12. Repealing Clause. This CAO specifically amends or repeals previously issued CAOs and CMOs which are inconsistent with the provisions therein.

Section 13. Separability Clause. If any part of this CAO is declared unconstitutional or contrary to existing laws, other parts not so declared shall remain in full force and effect.

Section 14. Effectivity. This CAO shall take effect after thirty (30) calendar days after its publication at the Official Gazette or a newspaper of national circulation.


The Office of National Administrative Register (ONAR) of the UP Law center shall be provided three (3) certified copies of this CAO.

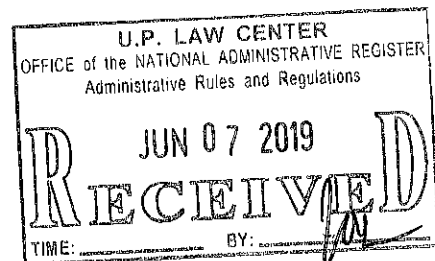

REY LEONARDO B. GUERRERO
Commissioner of Customs

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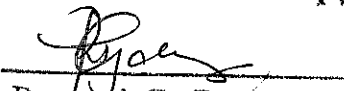
 Bureau of Customs
Office of the Commissioner
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Approved:


CARLOS G DOMINGUEZ
Secretary of Finance
MAY 28 2019



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Informational Section. As the title denotes this section only provides information and does not give rise to any substantive or formal rights or obligations.

1. History. This is the first CAO dealing exclusively on Rules and Regulations Governing the Conduct of Third Parties Dealing with the Bureau.

2. Related Policies.

- CAO No. _____ on Export Cargo Clearance Formalities And Issuance Of Certificate Of Origin And Proof Of Origin.
- CAO No. _____ on Accreditation of Importers.
- CAO No. _____ on Vessel and Aircraft Supervision and Control System.
- CAO No. 01-2016 – Advance Cargo Declaration, Inward Foreign Manifest and Consolidated Cargo Manifest Rule.
- CMO No. 04-2017 – Guidelines on the Implementation of CAO No. 05-2016 on Consolidated Shipment of Duty and Tax-Free "Balikbayan Boxes" with Revised Information Sheet.
- CMO No. 05-2016 – Submission of Performance Evaluation System (PES) Forms for CY-2015 Accomplishments & the Strategic Performance Mgt. System (SPMS) for CY-2016.
- CMO No. 79-1990 – Revised Rules and Regulation Governing the Entry of Non-Commercial Inbound Consolidation Shipment from Filipino Abroad, Repealing for the Purpose CMMO No. 32-90.
- First Philippine industrial Corporation vs. Court of Appeals, G.R. No. 125948, December 29, 1998.

3. Webpage, Forms, Handbooks and other References.

- a. Civil Code of the Philippines
- b. Customs Modernization and Tariff Act (RA 10863)
- c. Philippine Shipper's Bureau (PSB) Department Administrative Order No. 06, s. 2005
- d. Pipelines Safety Regulation of 1996
- e. Revised Kyoto Convention

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